

F A C S I M I L E & F U L L T E X T

THE MESOPOTAMIAN OILFIELDS

Oil Engineering and Finance

Our special correspondent

17 February 1923

Of all the known oilfields of the world to-day, the oilfields of Mesopotamia are from every point of view the most interesting. What makes them really fascinating to the public is the knowledge that these fields have now become the arena of a conflict of political and financial interests of a magnitude never before engaged over a single commercial enterprise. Interviews, reports and articles dealing with these oilfields have only become really frequent since the beginning of the Lausanne Conference, especially in American newspapers. We now propose to give as complete a history of this most important subject as lies in our power...

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THE MESOPOTAMIAN OILFIELDS.

(By OUR SPECIAL CORRESPONDENT.)

Of all the known oilfields of the world to-day, the oilfields of Mesopotamia are from every point of view the most interesting. In whatever form we may hear or read about them they never fail to attract our instant attention. They have become synonymous with ideas of fabulous productions and unlimited oil supplies, although, strictly speaking, developments do not justify these. What makes them really fascinating to the public is the knowledge that these fields have now become the arena of a conflict of political and financial interests of a magnitude never before engaged over a single commercial enterprise. Interviews, reports and articles dealing with these oilfields have only become really frequent since the beginning of the Lausanne Conference, especially in American newspapers, while the French Press has not been altogether silent on the subject, as is evidenced by the recent article in the *Matin*.

The nature of the struggle which is now proceeding for these oilfields cannot possibly be known but to the barest minority, and it is possible that few even of these know everything there is to know.

After months of serious study of the subject, we now propose to give as complete a history of this most important subject as lies in our power. It is not from the want of knowledge that we have not dealt with it before in our columns. It is our legitimate and proper boast that we know all that is essential affecting the oil world in general; and while we do not pretend to a complete inside knowledge of such an extremely complicated subject as that with which we now propose to deal, we feel that we have learned enough to present a clear statement of facts to our readers in a form that will not lead to confusion or misunderstanding.

We desire, at the outset, to point out that while we shall refer to governments, corporations and persons, both British and foreign, we do not hold a brief, nor wish it to be thought that we are stating a case, for any of them. On such occasions as we may venture an observation, it will be only when such an observation follows logically on the stated facts. The only brief we hold is for British interests.

From the documents we have examined it seems that, following upon the remarkable developments in the 70's and 80's of the Russian and Mid-European oilfields, a certain Taksin Pasha, a travelled Turkish gentleman, applied, about the year 1883, to the Turkish Ministry of Mines for a *Permit de Recherche* for petroleum over the entire area of the Province of Mosul. This was duly granted and Taksin Pasha, relying on court friendships and connections to maintain his claim, spent the next three years trying to sell his permit to French and English financial interests, in which he was unsuccessful. In 1888 it came to the ears of Agop Pasha, Director of the Privy Purse of the

late Sultan Abdul Hamid that oil had been found on some of the landed properties that His Imperial Majesty owned privately in the Province of Mosul. Further enquiries brought to light the fact that Taksin Pasha had been granted a *Permit de Recherche* for oil in this province, and that this permit had become invalid. The facts were brought to the notice of the Sultan and Agop Pasha prepared an Imperial Firman of Concession, giving the exclusive rights for the exploitation of petroleum in the Province of Mosul to the Sultan Abdul Hamid's Privy Purse. This was duly signed and promulgated on the 5th Redjeb, 1306 (1888).

The Permit de Recherche.

The concession for the oilfields in the Province of Bagdad was signed and promulgated practically in the same form on the 5th Djemiz ul Aker, 1316 (1898), the Director of the Privy Purse on this occasion being Channes Effendi.

Early in 1902, Taksin Pasha brought an action in the Turkish Civil Courts against the Sultan personally, whereby it was asked that the Court should find that the Sultan's Concession was illegal and that Taksin's permit was still in force. The case aroused considerable interest and was not settled until it reached the final Court of the Council of State. Taksin lost his case because he did not carry out the conditions upon which, according to the Turkish Mining Code, a *Permit de Recherche* is issued. It will be instructive to observe upon what terms a Turkish permit can be held and on what conditions it can be changed into a concession. The Turkish Mining Code gives a permit for one year, and, if during that time the holder shall have carried out, to the satisfaction of the Minister of Mines, certain exploratory work on the area covered, this period can be prolonged for another year. If further work or exploration has been carried out during this additional period, the Minister may, but apparently is not obliged to, grant a Firman of Concession provided he is satisfied that the applicant is in every way suitable, both technically and financially, to hold such concession.

Following the result of this case, a third Firman of Concession was issued in 1902 confirming the original Mosul Concession granted in 1888. We have seen certified copies of the three original Firmans of Concessions above referred to, of which we have obtained photographs. In addition we have also the official translations into English, which show the visa of the Turkish Foreign Office. We reproduce copies of the Turkish originals, as well as the English translations.

It will be observed that mention is made in these firmans of the Sultan's private properties and of the fact that oil had been discovered on them. We note that the concessionaire is "My Imperial Private Treasury." We have become accustomed to read "Civil List," instead of "Imperial Private Treasury,"

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The *Permis de Recherche*

The concession for the oilfields in the Province of Baddad was signed and promulgated practically in the same form on the 5th Djemaz-ul-Akher, 1316 (1898), the Director of the Privy Purse on this occasion being Ohannès Effendi.

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Private Not Crown Property

We have observed in the official correspondence between Lord Curzon and the United States Ambassador on the subject of Economic Rights in Mandated Territories, published in the White Paper of 1921,

¹ Note: the author refers to the article of: JOUINOT-GAMBETTA (Général). "Le pétrole de Mossoul éclaira Lausanne". *Le Matin : derniers télégrammes de la nuit*. Paris, 18 janvier 1923, N°14183, page 1.

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Private Not Crown Property.

We have observed in the official correspondence between Lord Curzon and the United States Ambassador on the subject of Economic Rights in Mandated Territories, published in the White Paper of 1921, Miscellaneous No. 10, that the Concessions above discussed are precisely those claimed by the Turkish Petroleum Company, a claim evidently strongly objected to by the State Department at Washington. In his last despatch to the U.S. Ambassador, on February 28th, 1921, Lord Curzon refers to these concessions as "perfectly valid and already existing concessions." In Article 240 of the Treaty of Sevres, it states that all Civil List property shall, without compensation, become the property of successive States. It is logical, therefore, to assume that Mesopotamian oil areas have been accepted, at any rate by the Foreign Office, as private property and not as Crown property. We are confirmed in this opinion by a number of facts, of which we will mention two, which have no doubt influenced British authorities in coming to the above conclusion.

First, under the Turkish Mining Laws in force when these concessions were granted, all minerals, including petroleum, were the property of the Crown as head of the State; it cannot therefore be supposed that the promulgation of a special Firman of Concession was necessary to confirm the Crown in the possession of property which it already owned. The essential point is that Crown properties are not to be regarded as distinct from State properties in a regime of absolute monarchy. Sultan Abdul Hamid represented the State, and all mineral rights were granted by him as monarch to individuals. This is established by the form of the Concessions which are Imperial Firmans issued by the Sultan, and not by or on behalf of the Turkish Government. The granting of a Concession is, therefore, essentially the alienation of a right inherent in the Crown, and when a Concession is granted to the person of the reigning Sultan, this can only be as an individual, for otherwise the act would be *ipso facto* nugatory.

MOUSSUL CONCESSION, 1888.

OFFICIAL TRANSLATION.

SUBLIME PORTE
GRAND VEZIRAT
IMPERIAL CHANCERY.

IMPERIAL FIRMAN OF CONCESSION.

To My Illustrious Minister of Finance and of My Imperial Private Treasury Agop Pasha, decorated with My Orders in brilliants of Osmanieh and Medjidieh.

You have submitted for My Imperial sanction the proposal to grant exclusively to My Private Treasury the Concession for the research and exploitation of petroleum

Second, by law and tradition Crown properties of the Ottoman Empire are not subject to taxes, tithes, or Government duties, and they are immune from legal action of any kind. Properties administered by the Privy Purse or Civil List are subject to taxation and legal action in exactly the same manner as properties owned by ordinary Turkish subjects. The cost of the up-keep and care of Crown properties, and the payment of employees engaged on them, is defrayed directly by the Ministry of Finance, while properties of the Civil List are repaired and employees are paid from the Revenues of the Civil List Administration. This distinction was proved in fact by the action brought against Sultan Abdul Hamid personally by Taksin Pasha in the Civil Courts of Turkey in 1902. While pursuing our enquiries on this point we found that no less than 18 civil actions were instituted against the same Sultan during his reign in respect to the purchase of landed properties.

We may therefore assume that Abdul Hamid himself owned the Mesopotamian oil areas as an individual. Negotiations for the granting of rights to exploit the oilfields were conducted directly with the Sultan, through the Administration of the Civil List and not through the Administration of the Crown properties, up to the time of his deposition by the Young Turk Party in 1909.

German Option.

The Germans were the first to conclude an arrangement with the Sultan, and in 1904 the representatives of the Anatolian Railway Company obtained an option for the purpose of examining the possibility of oil deposits in the Provinces of Mosul and Bagdad, and to prepare a scheme whereby they could be worked on joint account. In 1906 this option was considered at an end and the Sultan began other negotiations. At this time the field of competition was widened by the inclusion of a number of English, French and German interests. Among these was Mr. H. K. D'arcy, of Anglo-Persian oil fame, who made an application to the Sultan for rights to exploit the oilfields. The British Ambassador in Constantinople gave strong official support to this application.

sources in the whole of the Vilayet of MOUSSUL, within the properties of My Imperial estates as well as within the other parts of the Vilayet, seeing that in My Private Imperial properties situated in the Vilayet of MOUSSUL are found abundant sources of petroleum.

My Imperial Irade has been promulgated in accordance with the above, and in consequence of its high tenour My present Imperial Order has been delivered by My Imperial Chancery affirming that the Concession for the research and exploitation of the sources of petroleum in the whole of the Vilayet of MOUSSUL, in my Private Imperial properties as well as in all other parts of the said Vilayet is exclusively granted to My Imperial Private Treasury.

You, My Minister above-named will do what is necessary as regards My Private Treasury.

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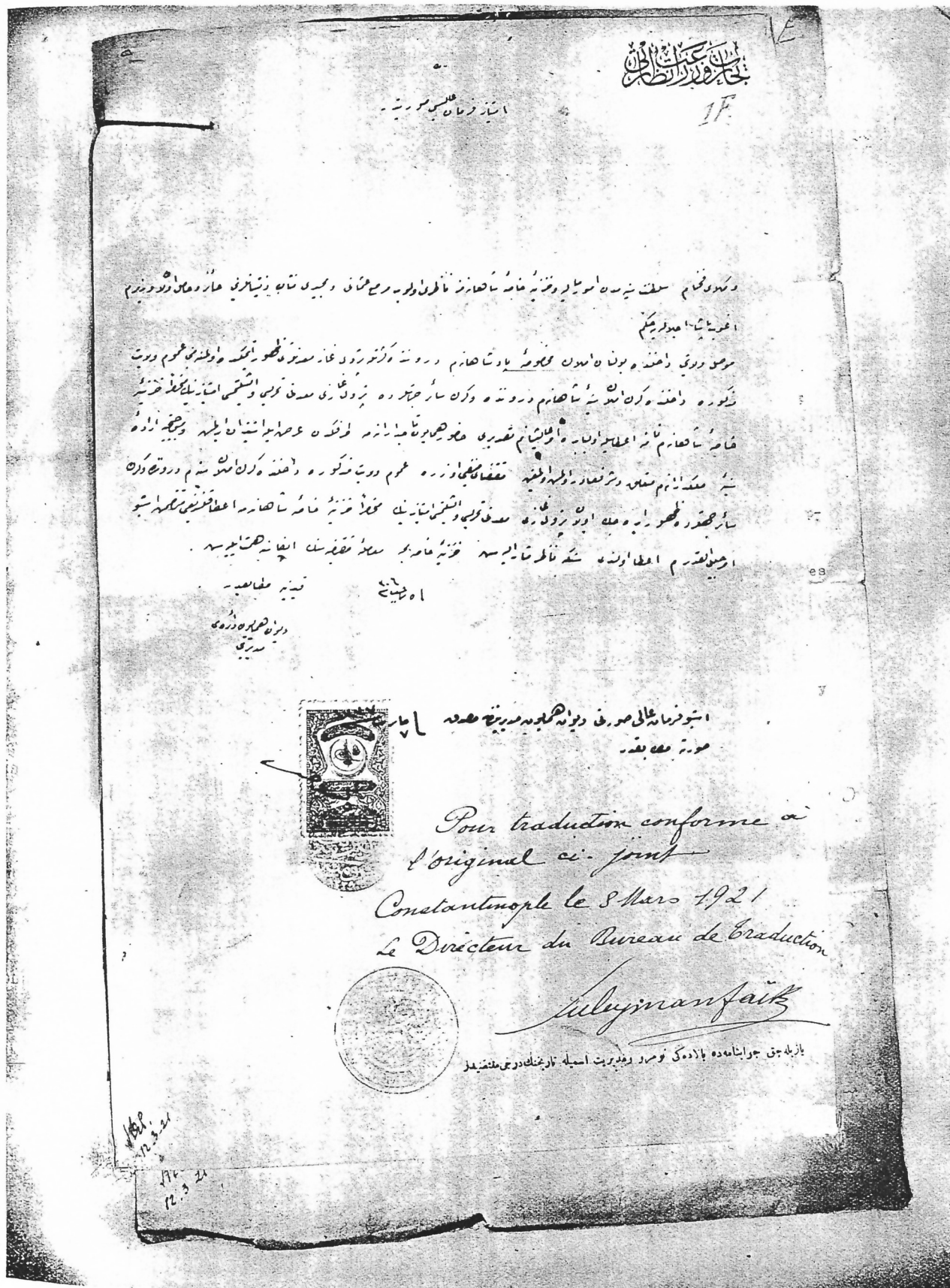
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The Germans were the first to conclude an arrangement with the Sultan, and in 1904 the representatives of the Anatolian Railway Company obtained an option for the purpose of examining the possibility of oil deposits in the Provinces of Mosul and Bagdad, and to prepare a scheme whereby they could be worked on joint account. In 1906 this option was considered at an end and the Sultan began other negotiations. At this time the field of competition was widened by the inclusion of a number of English, French and German interests. Among these was Mr. H. K. D'arcy, of Anglo-Persian oil fame, who made an application to the Sultan for rights to exploit the oilfields. The British Ambassador in Constantinople gave strong official support to this application. Mr. D'arcy's chief competitors consisted of German interests, represented by M. Hugenin, of the Bagdad Railway and the Deutsche Bank, who had the support of the German Ambassador, and another English Group which included powerful London financiers, Mexican oil and South African gold mining interests. Representatives of important French bankers, in Constantinople, were also competitors. All these groups applied to Sultan Abdul Hamid for concessionary rights in the Mesopotamian oilfields, either through their Embassies, or directly through the Director of the Sultan's Privy Purse.



MOUSSUL CONCESSION, 1888.

(Translation at foot of previous page.)

MOSSUL CONCESSION, 1888

OFFICIAL TRANSLATION

SUBLIME PORTE
GRAND VEZIRAT
IMPERIAL CHANCERY

IMPERIAL FIRMAN OF CONCESSION

To My Illustrious Minister of Finance and of My Imperial Private Treasury Agop Pasha, decorated with My Orders in brilliants of Osmanieh and Medjidieh.

You have submitted for My Imperial sanction the proposal to grant exclusively to My Private Treasury the Concession for the research and exploitation of petroleum sources in the whole of the Vilayet of MOUSSUL, within the properties of My Imperial estates as well as within the other parts of the Vilayet, seeing that in My Imperial Private properties situated in the Vilayet of MOUSSUL are found abundant sources of petroleum.

My Imperial *Irade* has been promulgated in accordance with the above, and in consequence of its high tenour My present Imperial Order has been delivered by My Imperial Chancery affirming that the Concession for the research and exploitation of the sources of petroleum in the whole of the Vilayet of MOUSSUL, in my Private Imperial properties as well as in all other parts of the said Vilayet is exclusively granted to My Imperial Private Treasury.

You, My Minister above-named will do what is necessary as regards My Private Treasury.

The 5 Redjeb 1306.

Pour traduction conforme à l'original ci joint. Constantinople le 8 mars 1921. Le Directeur du Bureau de Traduction. Suleyman Faïk. (Cachet)

Mr. D'arcy's chief competitors consisted of German interests, represented by M. Hugenin, of the Bagdad Railway and the Deutsche Bank, who had the support of the German Ambassador, and another English Group which included powerful London financiers, Mexican oil and South African gold mining interests. Representatives of important French bankers, in Constantinople, were also competitors. All these groups applied to Sultan Abdul Hamid for concessionary rights in the Mesopotamian oilfields, either through their Embassies, or directly through the Director of the Sultan's Privy Purse.

The Young Turk Revolution of 1908 was followed by the election of a National Assembly, and the adoption of a constitutional form of government, but the Sultan's right to deal with his own properties was not questioned until 1909, when he was imprisoned by the Young Turks at Salonika. We have been informed by members of the Sultan's family that he was continually pressed, and even threatened when he refused, by the Young Turk Government to sign legal transfers of all his property in favour of the Young Turk Government. This he refused consistently to do. With the deposition of the Sultan, his brother, Rechad, known as Sultan Mehmed, became the new Sultan. By command of the Young Turk Government he signed an Imperial Order in 1909 authorising the Turkish Ministry of Finance to take possession of all properties acquired by the ex-Sultan Abdul Hamid, and specific mention was made of lands, steamship, harbour, mining and oil concessions, acquired by him from the date of his succession to the throne in 1877. This was the second order regarding Sultan Abdul Hamid's properties issued since the advent of the Young Turk Government. The first was signed in 1908 by Abdul Hamid himself, and as these two orders have an important bearing on the whole question under discussion, we will examine them both in some detail.

Sultan Dispossessed?

The first order of 1908 refers to certain debts and to an accumulation of salaries owing to officials of the Civil List Administration, and it states that in order to liquidate these debts and to pay the official salaries due, certain properties, expressly referred to in a separate list, should be placed at the disposal of the

Turkish Government. The text appears to be quite clear that the intention was to make over the properties themselves, but the attached list does not make this quite so clear, as it implies, in enumerating the properties, that in some cases the properties are handed over and in others only the revenues. This order, and the list accompanying it, deal with landed properties only, and no mention is made of any other kind of property. But there is an important consideration attached to this transfer. The total amount owed by the Sultan was somewhere about £1,000,000 (Turkish) and the order provides that the properties transferred shall be used for the purpose of obtaining a loan sufficient to cover this debt. The Ministry of Finance itself was to negotiate this loan on the security of the properties specified. We are informed, on good authority, that this money was never paid by the Turkish Ministry of Finance to the Civil List, but whether this fact would invalidate the Sultan's personal signature to a transfer of property is a question which we do not pretend to decide.

The second order, already referred to, and which was signed in 1909, dispossessed Sultan Abdul Hamid in one clean sweep of the whole of the properties acquired by him during his lifetime. In our search for documentary evidence we were informed of this Imperial Order, and that, as such, it was law and would be included in the Law Summaries as is the custom and practice in Turkey. It is a curious fact, which we mention for what it is worth, that we were unable to trace the order of 1909 in the Official Summary of Laws. The point is, however, that on the issue of this order, or Irade, the whole of the documents dealing with the properties acquired by Sultan Abdul Hamid during his lifetime, were seized and placed in the archives of the Ministry of Finance which took possession, however, only of such properties as were situated within Young Turk zones of influence. We have discussed this Irade, from the point of view of law, with Turkish legal experts and we are informed that the Irade orders the "taking possession" of these properties, and the words "transfer" or "confiscation" are not mentioned.

It appears that a transfer of property under Turkish law is only valid when signed by the actual owner of the property dealt with. Confiscation under

BAGDAD CONCESSION, 1898.

OFFICIAL TRANSLATION.

SUBLIME PORTE
GRAND VEZIRAT
IMPERIAL CHANCERY.

IMPERIAL FIRMAN OF CONCESSION.

To My Illustrious Minister of My Imperial Private Treasury Ohannes Effendi, decorated with the Orders First Class of Medjidieh and Second Class of Osmanieh.

You have submitted for my Imperial sanction the proposal to grant to My Imperial Private Treasury the Concession for the research and exploitation of the sources of petroleum and naphtha in the Vilayet of Bagdad seeing that, according to the terms of My Imperial Order in regard to it, the concession for the research and exploitation of petroleum sources and naphtha in the Vilayet of MOUSSUL was

granted exclusively to My Private Treasury and seeing that in the Vilayet of BAGDAD are also found important sources of petroleum and also that unless the management of the sources occurring in the two Vilayets be combined it would not be profitable.

My Imperial Irade has been promulgated in accordance with the above, and in consequence of its high tenour My present Imperial Order has been delivered by My Imperial Chancery affirming that the Concession for the research and exploitation of the sources of petroleum and naphtha to be found in the Vilayet of BAGDAD is also granted exclusively to My Imperial Private Treasury in the same way as that granted for the Vilayet of MOUSSUL.

You, My Minister above-named will do what is necessary as regards My Private Treasury.
The 5th Djemaz ul Aker 1316 (1898). (Office of the Imperial Chancery).

The Young Turk Revolution of 1908 was followed by the election of a National Assembly, and the adoption of a constitutional form of government, but the Sultan's right to deal with his own properties was not questioned until 1909, when he was imprisoned by the Young Turks in Salonika. He have been informed by members of the Sultan's family that he was continually pressed, and even threatened when he refused, by the Young Turk Government to sign legal transfers of all his property in favour of the Young Turk Government. This he refused consistently to do. With the deposition of the Sultan, his brother, Rechad, known as Sultan Mehmed, became the new Sultan. By command of the Young Turk Government, he signed an Imperial Order in 1909 authorising the Turkish Ministry of Finance to take possession of all properties acquired by the ex-Sultan Abdul Hamid, and specific mention was made of lands, steamship, harbour, mining and oil concessions, acquired by him from the date of his succession to the throne in 1877. This was the second order regarding Sultan Abdul Hamid's properties issued since the advent of the Young Turk Government. The first was signed in 1908 by Abdul Hamid himself, and as these two orders have an important bearing on the whole question under discussion, we will examine them both in detail.

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The first order of 1908 refers to certain debts and to an accumulation of salaries owing to officials of the Civil List Administration, and it states that in order to liquidate these debts and to pay the official salaries due, certain properties, expressly referred to in a separate list, should be placed at the disposal of the Turkish Government. The text appears to be quite clear that the intention was to make over the properties themselves, but the attached list does not make this quite so clear, as it implies, in enumerating the properties, that in some cases the properties are handed over and in other only

the revenues. This order, and the list accompanying it, deal with landed properties only, and no mention is made of any other kind of property. But there is an important consideration attached to this transfer. The total amount owed by the Sultan was somewhere about £1,000,000 (Turkish) and the order provides that the properties transferred shall be used for the purpose of obtaining a loan sufficient to cover this debt. The Ministry of Finance itself was to negotiate this loan on the security of the properties specified. We are informed, on good authority, that this money was never paid by the Turkish Ministry of Finance to the Civil List, but whether this fact would invalidate the Sultan's personal signature to a transfer of property is a question which we do not pretend to decide.

The second order, already referred to, and which was signed in 1909, dispossessed Sultan Abdul Hamid in one clean sweep of the whole of the properties acquired by him during his lifetime. In our search for documentary evidence we were informed of this Imperial Order, and that, as such, it was law and would be included in the Law Summaries as is the custom and practise in Turkey. It is a curious fact, which we mention for what it is worth, that we were unable to trace the order of 1909 in the Official Summary of Laws. The point is, however, that on the issue of this order, or *Irade*, the whole of the documents dealing with the properties acquired by Sultan Abdul Hamid during his lifetime, were seized and placed in the archives of the Ministry of Finance which took possession, however, only of such properties as were situated within Young Turk zones of influence. We have discussed this *Irade*, from the point of view of law, with Turkish legal experts and we are informed that the *Irade* orders the "*taking possession*" of these properties, and the word "*transfer*" or "*confiscation*" are not mentioned.

BAGDAD CONCESSION 1898

OFFICIAL TRANSLATION

SUBLIME PORTE

GRAND VEZIRAT

IMPERIAL CHANCERY

IMPERIAL FIRMAN OF CONCESSION

To My Illustrious Minister of My Imperial Private Treasury Ohannes Efendi, decorated with the Orders First Class of Medjidieh and Second Class of Osmanieh.

You have submitted for My Imperial sanction the proposal to grant to My Imperial Private Treasury the Concession for the research and exploitation of the sources of petroleum and naphtha in the Vilayet of BAGDAD seeing that, according to the terms of My Imperial Order in regard to it, the concession for the research and exploitation of petroleum sources and naphtha in the Vilayet of MOUSSUL was granted exclusively to My Private Treasury and seeing that in the Vilayet of BAGDAD are also found important sources of petroleum and also that unless the management of the sources occurring in the two Vilayets be combined it would not be profitable.

My Imperial *Irade* has been promulgated in accordance with the above, and in consequence of its hifh tenour My present Imperial Order has been delivered by My Imperial Chancery affirming that the Concession for the research and exploitation of the sources of petroleum and naphtha to be found in the Vilayet of BAGDAD is also granted exclusively to My Imperial Private Treasury in the same way as that granted for the Vilayet of MOUSSUL.

You, My Minister above-named will do what is necessary as regards My Private Treasury.

The 5th Djemaz-ul-Akher 1316 (1898).

(Timbre)

(Cachet: Office of the Imperial Chancery)

Pour traduction conforme à l'original ci joint. Constantinople le 8 mars 1921. Le Directeur du Bureau de Traduction. Suleyman Faïk. (Cachet)

Turkish law is allowed only in case of apostasy. To obtain possession of these properties it was therefore clearly necessary for the Turkish Government to resort to an act of force, or to promulgate in a constitutional manner a special law to enable the Turkish Government to seize and confiscate property for reasons other than those laid down in the Turkish criminal code. It has been pointed out to us that no Turkish Constitutional Assembly would endow a Government with powers of this nature, and in fact the Young Turk Government did not attempt to obtain them. It is, therefore, clear that as the Sultan refused to sign documents transferring his property to the Turkish Government, the Young Turks were obliged to carry out a simple act of seizure. We are not sufficiently learned to give an opinion as to whether every act of a Government ought to be considered legal, but it might be argued that the Turkish Government, having taken possession of these properties, it was at liberty to dispose of them if prospective buyers would be content with new titles of ownership that would have, of necessity, to be issued. In Turkey the title to a property is determined by the registration, in the Ministry of the Cadastre (Lands), of a description of the property and the name of its owner. A certificate of this registration is issued to anybody on the payment of a nominal sum. The method adopted in the purchase of a property is for legal representatives, of seller and buyer, to examine the registers of the Cadastre. When the real ownership is thus established, the sale is carried out and on presentation of the contract, and an Act of Transfer, the name of the former owner is erased from the register and the name of the new owner inscribed. We have examined the Registers in Constantinople and we found no alteration whatever in the original inscription of properties in the name of Sultan Abdul Hamid and his Heirs. We presume, therefore, that the Young Turks found it impossible to destroy these evidences of ownership. Consequently, although in actual possession of Abdul Hamid's properties it would appear that they were unable to dispose of them legally, if at all. This is easy to understand in so far as Turkish Nationals are concerned, but the point arises as to whether foreigners, or foreign corporations, would not be justified in accepting titles to property offered to them by a Government in power.

This point bears directly on the subject of the Mesopotamian oilfields.

Mesopotamian Concessions.

Negotiations for the concessions, after the deposition of Sultan Abdul Hamid, were conducted with the Young Turk Government, who notified the Powers that the Ministry of Finance had been substituted for the Civil List in the ownership of the Mesopotamian Oil Concessions. The description of these negotiations up to the outbreak of war in 1914 is given in the White Paper we have already referred to. Briefly, on whose initiative we have been unable to discover, the conflicting German and British interests become amalgamated in the Turkish Petroleum Company, in which the Anglo-Persian were to have 50 per cent., the Deutsche Bank 25 per cent. and the Shell Company 25 per cent. of the shares. This accord took place in 1914, although the Turkish Petroleum Company had been formed by the Deutsche Bank a considerable time previously. We understand that the Anglo-Persian Oil Company did not take up these shares until 1921, so that from the outbreak of the war until that time the Turkish Petroleum Company was kept alive by the Shell. We further understand that the parties to the 1914 agreement of amalgamation undertook not to negotiate separately for any oil concessions in Mesopotamia. The claims of the Turkish Petroleum Company to the Mesopotamian Oil Concessions were supported by both the British and the German Governments through their respective Ambassadors in Turkey.

In order to understand why this amalgamation took place in 1914, we must refer to the political situation of that time. The Young Turk Government up to 1914 had found it difficult to make their revenue meet their expenditure. They had dragged along a miserable financial existence from 1908 by borrowing a few millions from time to time from the Imperial Ottoman Bank and other banks in Constantinople, and by pledging the toll receipts of the Galata Bridge. In 1914 they were faced with the urgent need for large sums of money to pay for the upkeep of their complicated political organisation, and at the suggestion of Djavid Bey, then Turkish Minister of Finance, the powers signatory to the capitulations were asked to

CONFIRMATION OF MOUSSUL CONCESSION, 1902.

OFFICIAL TRANSLATION.

SUBLIME PORTE
GRAND VEZIRAT
IMPERIAL CHANCERY.

IMPERIAL FIRMAN OF CONCESSION.

To My Illustrious Minister of My Imperial Private Treasury, Ohannes Effendi, decorated with the Order in brilliants of Osmanieh, and the Order First Class of Medjidieh.

As the result of My Imperial Trade the Concession for the sources of petroleum in the Vilayet of MOUSSUL has been reserved for My Imperial Private Treasury, and it appears from the Registry that at the date of the 5th Redjeb 1306 My Imperial Order was addressed to Your Ministry to

inform you that the Concession for the research and exploitation of sources of petroleum in the Vilayet of MOUSSUL in general, in the properties of My Private estates as well as in the other parts of the said Vilayet, was granted exclusively to My Imperial Private Treasury seeing that in My Private properties situated in the said Vilayet of MOUSSUL abundant sources of petroleum are met with.

In accordance with the purport of the Imperial Order mentioned, My present Imperial Order has been delivered by My Imperial Chancery to affirm, with emphasis, that the Concession for the sources of petroleum already discovered and to be discovered, in My Imperial private properties situated in the said Vilayet as well as in the dependencies and other parts of the said Vilayet is granted exclusively to My Imperial Private Treasury.

You, My Minister above-named, will do what is necessary as regards My Private Treasury.
16th Ramazan 1320 (1902). (Office of the Imperial Chancery.)

It appears that a transfer of property under Turkish law is only valid when signed by the actual owner of the property dealt with. Confiscation under Turkish law is allowed only in case of apostasy. To obtain possession of these properties it was therefore clearly necessary for the Turkish Government to resort to an act of force, or to promulgate in a constitutional manner a special law to enable the Turkish Government to seize and confiscate property for reasons others than those laid down in the Turkish criminal code. It has been pointed out to us that no Turkish Constitutional Assembly would endow a Government with powers of this nature, and in fact the Young Turk Government did not attempt to obtain them. It is, therefore, clear that as the Sultan refused to sign documents transferring his property to the Turkish Government, the Young Turks were obliged to carry out a simple act of seizure. We are not sufficiently learned to give an opinion as to whether every act of a Government ought to be considered legal, but it might be argued that the Turkish Government, having taken possession of these properties, it was at liberty to dispose of them if prospective buyers would be content with new titles of ownership that would have, of necessity, to be issued. In Turkey, the title to a property is determined by the registration, in the Ministry of the Cadastre (Lands), of a description of the property and the name of its owner. A certificate of this registration is issued to anybody on the payment of a nominal sum. The method adopted in the purchase of a property is for legal representatives, of seller and buyer, to examine the registers of the Cadastre. When the real ownership is thus established, the sale is carried out and on presentation of the contract, and an Act of Transfer, the name of the former owner is erased from the register and the name of the new owner inscribed. We have examined the Registers in Constantinople and we found no alteration whatever in the original inscription of properties in the name of Sultan Abdul Hamid and his Heirs. We presume, therefore, that the Young Turks found it impossible to destroy these evidences of ownership. Consequently, although in actual possession of Abdul Hamid's properties it would appear that they were unable to dispose of them legally, if at all. This is easy to understand in so far as Turkish Nationals are concerned, but the point arises as to whether foreigners, or foreign corporations, would not be justified in accepting titles to property offered to them by a Government in power. This point bears directly on the subject of the Mesopotamian oilfields.

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CONFIRMATION OF MOSSUL CONCESSION 1902

OFFICIAL TRANSLATION

SUBLIME PORTE

GRAND VEZIRAT

IMPERIAL CHANCERY

IMPERIAL FIRMAN OF CONCESSION

To My Illustrious Minister of My Imperial Private Treasury, Ohannes Efendi, decorated with the Orders in brilliants of Osmanieh, and the Order First Class of Medjidieh.

As the result of My Imperial *Irade* the Concession for the sources of petroleum in the Vilayet of MOUSSUL has been reserved for My Imperial Private Treasury, and it appears from the Registry that at the date of the 5th Redjeb 1306 My Imperial Order was addressed to Your Ministry to inform you that the Concession for the research and exploitation of sources of petroleum in the Vilayet of MOUSSUL in general, in the properties of My Private estates as well as in the other parts of the said Vilayet, was granted exclusively to My Imperial Private Treasury seeing that in My Private properties situated in the said Vilayet of MOUSSUL abundant sources of petroleum are met with.

In accordance with the purport of the Imperial Order mentioned, My present Imperial Order has been delivered by My Imperial Chancery to affirm, with emphasis, that the Concession for the sources of petroleum already discovered and to be discovered, in My Imperial private properties situated in the said Vilayet as well as in the dependencies and other parts of the said Vilayet is granted exclusively to My Imperial Private Treasury.

You, My Minister above-named will do what is necessary as regards My Private Treasury.

The 16th Ramazan 1320 (1902).

Office of the Imperial Chancery

Pour traduction conforme à l'original ci joint. Constantinople le 8 mars 1921. Le Directeur du Bureau de Traduction. Suleyman Faïk. (Cachet)

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Turkish Petroleum Coy's Claims.

In order to have a clear conception of the Turkish Petroleum Company's claims, we think it advisable to explain what these negotiations really were. In effect, these negotiations were to decide the Articles of Convention between Turkey on the one side, and the Powers on the other, whereby the Powers were to grant Turkey permission to add 4 per cent. to her Customs Tariff. Turkey, in return, was to grant to the Powers, or their Nationals, a certain number of material concessions. We do not know the precise nature of the concessions that were to be given to French, German, and Italian Nationals. No doubt they dealt with harbours, railways and roads for the most part. But the principal considerations demanded by the British Government were in regard to the granting of the oil concessions to the Turkish Petroleum Company, the prolongation of the Smyrna Aidin Railway Charter, and certain concessions dealing with boracite deposits. We are informed that some time in June a point of agreement had been reached on all questions at issue, and we are further informed that the Grand Vizier confirmed the intention of the Ministry of Finance to grant Mesopotamian oil concessions to the Turkish Petroleum Company. We think it our duty to point out that these arrangements were not separate as between each individual Power and Turkey, but that the concessions that Turkey agreed to give were agreed to as a whole, as between all the Powers on the one side and Turkey on the other. To make this point still clearer, Turkey was giving so much to Italy and so much to England in return for the united consent of these Powers to the raising of the Turks Customs duties. It was not the intention of Turkey to give so much to England alone, and for England alone to give her consent to the Turks' demands.

These negotiations were interrupted by the outbreak of the war and it is conceded that the agreement reached between the parties concerned was never drawn up in the form of a convention nor signed by any of the Powers interested. We believe that Sir Edward Grey informed the Turks at the outbreak of the war that the negotiations with Turkey would have to be resumed at a later date; inferring that they were not to be considered as final.

International Rivalry.

During the war the Young Turks gave a number of oil concessions, including the Mesopotamian oil concessions, to German interests, but these were annulled

by the Treaty of Versailles. After the Armistice the first mention made of the Mesopotamian oilfields is found in the negotiations between England and France, and notably in the San Remo Agreement of 1920. This agreement dealt with British and French partition of oil and pipeline rights in the Mandated Territories of Mesopotamia and Syria, and although the text does not actually refer to the Turkish Petroleum Company, reference is made to it in subsequent memoranda. It became clear at this moment that the British Government claimed the Mesopotamian oil concessions for the Turkish Petroleum Company. This claim was strongly opposed by the United States Government in a series of letters published in the White Paper, to which we have already several times referred. We understand that the American attitude to this claim has not changed, although subsequent diplomatic correspondence on the subject has not been made available to the public. Further opposition to this claim was made in 1921 by representatives of the Heirs of the late Sultan Abdul Hamid, who claimed that they were legitimate heirs to their father's property and that their title could not be legally questioned. Since 1921 the chaotic political situation in the Near East has rendered any final solution as to the real ownership of these concessions impossible.

The atmosphere for the last twelve months has been full of intrigue and counter-intrigue by all parties concerned, to strengthen their position in view of the pacification and settlement, which we hope is near at hand, of the Near East. Among other attempts to complicate a situation, already sufficiently complicated, is that of Mr. Chester to obtain railway and oil rights in Mosul from the Angora Government. His scheme is by no means new, as it was first proposed to the Young Turks in 1911, or 1912, by Admiral Chester. The Angora National Assembly have discussed Mr. Chester's proposals on several occasions, and in spite of the manifestly advantageous financial considerations offered, Mr. Chester's proposals were finally rejected about a month ago. We have not yet received a full report of the reasons for this rejection, but we understand they had something to do with the rights acquired by the late Sultan Abdul Hamid. The American Government, in refusing to accept the claims made by Lord Curzon, on behalf of the Turkish Petroleum Company, have adopted a policy of the "open door" in regard to economic rights in all Mandated Territories. Their recent Note to Lord Curzon, in Lausanne, again refutes the claims made on behalf of the Turkish Petroleum Company, and brings to his lordship's notice the fact that other claims exist.

American Attitude.

The essence of the information we have received from various sources is that the American Government is not disposed to accept a political or diplomatic settlement of the Mesopotamian oil question. While admitting that pre-war rights should be ratified and confirmed, they state that the Turkish Petroleum Company had acquired no rights and that, failing the

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We are able to state that at the time of writing, no solution to this question is in sight. We have the Turkish Petroleum Company's claims opposed by the American Government and by the American company who have

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PETROLEUM DEVELOPMENT IN THE RED SEA REGION.

The Red Sea region of Egypt offers possibilities for the development of mineral oil, according to a report made to the Royal Geographic Society of Cairo by the Egyptian Minister of Finance, who recently made a tour of the region. The Anglo-Egyptian Oilfields Co. holds the concession for developing the oil deposits of Hurghada and Gensah. A total of 44 wells have been drilled at Hurghada, 18 of which are non-productive and have been abandoned. The 22 wells in operation are now producing about 600 tons of crude per day, or at the rate of 200,000 tons per year. The product is very heavy but is said to contain a high proportion of fuel oil. The operations employ 800 men and several American drillers.

At Gensah, on the African shore opposite the entrance to the Gulf of Suez, the Anglo-Egyptian Oilfields Company has sunk 22 wells, six of which were productive, while only three are in operation at present. One of these wells which was drilled in 1914 was a gusher and flowed 4,000 tons the first day, flooding the surrounding territory with crude oil; its

To give a résumé of the position, the Turkish Petroleum Company's claims are based upon Abdul Hamid's concessions, which Lord Curzon accepts as valid. To whom do they now belong? Did the seizure of these concessions in 1909, by the Young Turk Government, constitute legal possession, and, if so, did the 1914 negotiations invest the Turkish Petroleum Company with an actual concession? If they did, then we see no reason why the promises made by the Young Turk Government in 1914 to other British Nationals, and the Nationals of other countries, who were a party to these negotiations, should not be now claimed as valid concessions. It is only logical to assume that the point of agreement reached in 1914 on all questions refers to such questions as a whole and not alone to the question of the oil rights. If the seizure by the Young Turk Government in 1909 was illegal, to whom then do the concessions belong? Do they belong to the Heirs of the late Sultan, or to the Civil List Administration? The American company, which has acquired the rights of the Heirs of the late Sultan, evidently thinks that the Heirs' claims are valid. If this view should meet with the support of the American Government there is some danger that the control of these important oilfields will not remain in British hands. We must confess that we view the situation with some misgivings. We cannot afford any further misunderstandings with America, which, if added to the present political complications, could only have regrettable results. We venture the hope that this question, upon which we feel the peace of the Near East really depends, will receive the immediate attention of the various governments, corporations, and persons concerned.

flow has constantly decreased, however, until its present production is not over 10 tons a day. The total production at Gensah is now about 50 tons per day. The oil from this region is light and rich in gasoline and kerosene. The product of both the Hurghada and Gensah wells is transported by sea to the Government refinery at Suez.

The Egyptian Government is prospecting for oil at Abou Chaar, about four kilometres from Hurghada, and at Abou Dibba. In the former locality one well is in process of being drilled, and it is said that the indications are decidedly encouraging. At Abou Dibba, where 13 wells have been sunk, petroleum has been found at a comparatively shallow depth in five of them. Enough work has been done to lead the Government experts to believe that this deposit is of considerable importance.

American Bunker Coal Market.

New York, February 8th.

The following change has occurred in the quotations for bunker coal at United States ports: Hampton Roads, \$7.00 per ton.—*Reuter's Trade Service.*

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ⁱ Note: most probably, the author refers to "Tahsin" and not to "Taksin"

